() RBI has reported that it is expected that with the steps taken | measures initiated to implement the recommendations of the Committee which examined various aspects relating to frauds and malpractices in banks and steps taken to tone up the internal control and vigilance machinery in banks, the incidence of frauds and malpractices will be brought under check.

Statement

Summary of the main recommendations of the Committee appointed by Reserve Bank of India (RBI) *to en*-qurre *into various aspects of frauds and malpractices in Banks*

1. Banks should strictly adhere to * *he* operational precautions.

2. Currency chest transactions should be reported to the RBI's Issue Depsrtment on the same day.

3. Banks should guard themselves ainst misuse of banking channels for activities such as laundering and re- sort promptly unusal transactions to their Head Offices for taking up with tax authorities.

4. Banks should have a written investment policy outlining the essential features of investment portfolio management. They should also review their existing systems and procedures.

5. Banks should lay down a written loan policy as a strong foundation for loan portfolio management.

6. To prevent frauds in advances tfolio; banks should bestow ade quate attention to overcome the short coming by imparting requisite/need-based training to staff.

7. Banks should establish an independent loan review department both at Head Office and Zonal Office/Regional Office levels.

8. Banks should tone up their control and security procedures so as to guard against frauds in computer relating areas.

9. Banks should tone up the efficacy of their inspection and audit machin ery for timely detection of irregulari ties, malpractices and frauds.

10. Proper control systems need to be introduced to govern the working of subsidiaries so as to ensure that activities prohibited for banks to engage in, are not undertaken by the subsidiaries.

11. In order to be effective, CVOs need to work independently without pressures from the top management and be given adequate statutory powers to carry out preliminary in-vestigations build up cases thereafter hand them over to the appropriate law enforcement authorities. The Banks should also evolv systems to ensure that subsidiaries esablished for different purposes are brought under (he purview of appropriate vigilance machinery.

12. There should be .effective coordination between different investigating agencies—vigilance department of banks, CBI and Police. Periodical meeting among the RBI, CVC, CBI and Banking Division may also be held.

Decline in the Collection of Income Tax and other taxes

445. SHOT. SHIV PRATAP MISHRA: Will the Minister of FINANCE be pleased to state-

(a) whether it is a fact that revenue collection due to income tax and other taxes is likely to show a decline during the current year;

(b) if so, the likely fall thereof; and the reasons therefor; and

(c) the steps Government propose to take to increase the revenue?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V CHANDRASHEKHAR

MURTHY); (a) The Income Tax and Corporation Tax collections upto 31.10.93 are Rs. 6672.93 crores as compared; to cellecdons of Rs 6749. 90 crores upto 31.10.92. The marginal shortfall is expected to be made good in the remaining part of the year as both TDS and Advance Tax collections show buoyancy. In respect of Wealth Tax only the collections show a declining trend. The actual Wealth Tax collections upto 31.10.93 are Rs. 68.41 crores as against Rs. 239.28 crores upto 31.10.92.

(b) The lower collection of Wealth Tax is due to the fact that the tax able limit of Wealth Tax has been enhanced, the rates have been low ered and many items hitherto taxed have been taken out of the tax net. In fact, the target for Wealth Tax collection during financial year 1993-94 has been fixed at Rs 200 crores against the actual collection of Rs. 463.98 crores during the last financial year.

(c) The Government has been con stantly monitoring revenue collec tlions throughout the country and is laying special emphasis on liquida tion of arrears during the current financial year.

Rupee Depreciation due to higher Domestic inflation

446. SHRI SHIV PRATAP MTSH-RA: Will the Minister of FINANCE be pleased to state;

(a) whether Government's attention has been drawn to a news item which appeared on col 8, p. 13 of Business Times of Times of India (ND) dt. 13.2.93 under the caption 'rupee likely to depreciate: Merrill Lynch', wherein it has been stated that higher domestic inflation is likely to result in rupee depreciation and

(b) if so, what is government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MIN ISTRY OF PARLIAMENTARY AF FAIRS (DR. ABRAR AHMED): (a) Yes, Sir.

(b) At the heart of the decision to allow the Rupee to float is the objective that the Rupee attain a value consistent with economic fundamentals. Inflation in India vis-avis inflation abroad is one of the factors affecting the exchange rate. But there are other factors as well such as the current account position, foreign exchange reserves, capital inflows and the interest rate differentials. The Rupee remained more or less stable after the float and given the complexity of the situation, it is not possible to indicate its value in future with any certainty.

Government'si views to the tenth Finance Commission

447. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Government have made it clear to the Tenth Finance Commission that there is no scope for additional resources from the Centre to the States; and

(b) If so, the steps proposed to be taken by the respective States to find resources to carry out their developmental activities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY); (a) and (b) To enable the Tenth Finance Commission to take a comprehensive view of the needs of various Governments while recommending distribution of share of proceeds of taxes and determina-t'on of grants in aid. Central Government and State Governments furnish memoranda to the Commission bringing out their respective financial positions. These memoranda are meant for the internal use of the Finance Commission.